

FACT SHEET: A Better Bargain for the Middle Class: Jobs

One of the cornerstones of the President's plan to create a better bargain for the middle class is to ensure that every American who is willing to work for it will have the opportunity for a good job that pays good wages. In today's speech, the President laid out an idea that both parties should be able to support to create jobs: a plan that simplifies the tax code for our businesses and gives working families a better deal.

Our current tax code is broken and too complex, with businesses that play by the rules paying a 35% tax rate while many corporations that can hire hundreds of lawyers pay virtually no taxes at all. That is why the President has called for a revenue-neutral simplification of our business tax code to eliminate loopholes that encourage companies to ship jobs overseas and establishes a top tax rate of 28%. Under the President's proposal, some businesses would pay less, some corporations would pay more, but everyone would pay their fair share. But if we're going to give businesses a better deal, we should give the people who work there a better deal too. Today, the President is calling for a pro-growth tax reform and jobs package that would be fully offset using one-time revenues raised as we transition to a new business tax system. The transition revenue would support much-needed investments such as modernizing our infrastructure; creating new manufacturing hubs; and training our workers with the skills they need for the jobs of today and tomorrow. At the same time, President Obama remains committed to pursuing a long-term deficit reduction deal that includes revenue-raising individual tax reform and a balanced approach to replacing the damaging sequester.

The bottom line is that the President will work with Republicans on a package to simplify our business tax code so long as it includes real investments to help restore middle class security, create jobs and grow the economy.

Summary of the Pro-Growth Tax Reform and Jobs Package

- ❖ **Simplify the Tax Code for Businesses to Create Jobs and Economic Growth:** The President has put forward a framework for simplifying the corporate tax code to encourage job creation here at home – without adding a dime to the deficit:
 - **Eliminating Loopholes While Lowering the Top Rate to No Higher than 28%**
 - **Simplifying Tax Filing and Increasing Incentives to Invest for Small Businesses**
 - **A Manufacturing Tax Rate No Higher Than 25%**
 - **Removing Incentives to Locate Overseas**
- ❖ **A Broader Package to Support Middle Class Jobs:** The President believes we can design a broader growth and jobs package without adding a penny to the deficit by, for example, using one-time funds raised as we transition to a new tax system to support investments like:
 - **Rebuilding American Infrastructure:**
 - *Immediate Infrastructure Investments With a “Fix It First” Focus*
 - *A “Rebuild America Partnership” to Leverage Private Sector Funds*
 - *“America Fast Forward” Bonds – Including for Modernized Schools*
 - **Creating 45 New Manufacturing Innovation Institutes Over 10 Years**
 - **Investing in Community Colleges to Train Workers for Jobs of the Future**
- ❖ **New Executive Actions on Jobs:** In addition to the package above, President Obama announced new executive actions to support jobs:
 - **Building A Competitive Edge for Foreign Investment Through An Expanded SelectUSA**
 - **Call to Action on Public-Private Efforts to Get the Long-Term Unemployed Back to Work**

SIMPLIFYING THE TAX CODE FOR BUSINESSES TO CREATE JOBS AND ECONOMIC GROWTH

The President has put forward a framework for revenue-neutral business tax reform that lowers corporate tax rates and simplifies the corporate tax code to encourage job creation here at home – without adding a dime to the deficit – by:

- **Eliminating Loopholes that Send Jobs Overseas:** President Obama has called for eliminating dozens of tax loopholes to ensure that every corporation pays their fair share, and reinvesting these savings to lower the top corporate tax rate from 35 percent to a globally competitive 28 percent.
- **Simplifying Tax Filing and Increasing Incentives to Invest for Small Businesses:** President Obama believes tax reform should make tax filing simpler for small businesses. As part of his framework, he has proposed to allow businesses to expense up to \$1 million in investments, providing them with an incentive to invest in new plants and equipment and removing a source of complexity in the tax code.
- **Creating Good Manufacturing Jobs Here at Home:** The President has called for refocusing the manufacturing deduction and using the savings to reduce the effective rate on manufacturing to no more than 25 percent, while encouraging research and development and the production of clean energy.
- **Ensuring Every Corporation Pays In:** The President believes the tax system should not give companies incentives to locate production overseas or engage in accounting games to shift profits abroad – which is why he has put forward a minimum tax on foreign earnings.

COUPLING BUSINESS TAX REFORM WITH INVESTMENTS IN MIDDLE CLASS JOBS

President Obama believes that business tax reform is necessary to create jobs and spur investment, but that it should come as part of a broader effort to support job creation and competitiveness that benefits the middle class. By using one-time revenue raised in the transition to a new business tax system, we can support investments like modernizing our infrastructure that will make us more competitive at home. That's why the President is calling for business tax reform that is revenue-neutral over the long-term, and a one-time deficit-neutral growth package that includes measures such as:

- **Rebuilding American Infrastructure:** The President has called for significant investments to modernize our nation's infrastructure:
 - *Immediate Investments With a "Fix It First" Focus:* The President's plan would invest immediately in our nation's infrastructure, with an emphasis on reducing the backlog of deferred maintenance on highways, bridges, transit systems, and airports nationwide.
 - *A "Rebuild America Partnership" to Leverage Private Sector Investment:* Combined with his plan for immediate investments, President Obama has called for new efforts to leverage private funds to rebuild our infrastructure. The President has proposed a National Infrastructure Bank, expanding the successful TIFIA program and changes to tax rules to encourage greater private investment.
 - *Encouraging Private Investment Through "America Fast Forward" Bonds – Including for Modernized Schools:* The President's new America Fast Forward (AFF) bonds program would build upon and expand a successful program created in the Recovery Act to attract private capital for infrastructure investments – including additional support for bonds that finance school construction and modernization.

- **Creating Up to 45 New Manufacturing Innovation Institutes:** To support investment in U.S. manufacturers' competitiveness and accelerate innovation in manufacturing, the President has put forward an expanded proposal to create a network of manufacturing innovation institutes across the country that bring together companies, universities and community colleges, and government. Following on the initial success of a pilot institute in Youngstown, Ohio and efforts under way to launch three new institutes this year, the President is calling for Congress to create up to 45 new manufacturing innovation institutes over 10 years, tripling that number from the 15 institutes originally proposed.
- **Investing in Community Colleges to Train Workers for Jobs of the Future:** The Community College to Career Fund would invest in the nation's community colleges to train workers for good-paying jobs in high-growth and high-demand industries. The fund would help create a more skilled workforce by linking community colleges with the private sector, supporting programs that invest in apprenticeships, entrepreneurial training and on-the-job training opportunities as well as industry skill consortia that help identify and respond to pressing workforce needs.

NEW EXECUTIVE ACTIONS TO SPUR MIDDLE CLASS JOB GROWTH

In addition to the items above, President Obama is calling in Chattanooga today for two executive actions to support job growth:

- **Building the United States Competitive Edge for Foreign Investment Through An Expanded SelectUSA:** In 2011, the President launched SelectUSA, creating the first federal program to promote and facilitate U.S. investment in partnership with our states. Today, President Obama is directing his economic team and Cabinet – particularly the Commerce and State Departments – to put forward an unprecedented, coordinated Administration-wide effort at using our resources at home and abroad to bring new job creation to the U.S., with the goal of raising the United States to the top of the world in investment promotion efforts. The President will also host a summit bringing together business leaders from around the world on October 31st and November 1st to showcase investing in the U.S. and connecting them with state and local officials to make real progress on making the U.S. a magnet for jobs.
- **Call to Action for the Private Sector to Work With Government on Getting the Long-Term Unemployed Back to Work:** With evidence that the long-term unemployed face particular barriers in getting hired, President Obama is challenging the private sector, non-profits and government to join together in efforts to help these workers build their skills and find jobs. Later this fall, President Obama will convene CEOs and others who are joining together to put in place best practices for training, recruiting and hiring the long-term unemployed.

ADDITIONAL EFFORTS TO SUPPORT MIDDLE CLASS JOBS

- **Increasing the Minimum Wage So That No Family Who Works Full-Time Has to Raise Their Family in Poverty:** After decades in which the minimum wage has eroded in value, President Obama is calling on Congress to raise the minimum wage to the level it was at the beginning of the Reagan Administration in 1981, while indexing it for inflation and raising the tipped minimum wage.
- **Supporting U.S. Exports While Protecting Workers and Investing in Skills:** As part of his commitment to increase exports and the good-paying jobs supported by exports, President Obama will work with Congress to secure Trade Promotion Authority as part of a package that ensures American workers have the support and skills they need to compete in the global economy, including through the Trade Adjustment Assistance program.

- **Strengthening America's Manufacturing Communities:** To both prevent downward spirals and strengthen the ability of communities hardest hit by the recession to attract investment, the President has called for a \$6 billion credit over three years so that communities that are in the process of suffering a major job loss can apply for a credit they could use to help attract new investment immediately into the community. President Obama has also created the Investing in Manufacturing Communities Partnership, proposing new funding for it through the Department of Commerce and directing Federal agencies to provide coordinated assistance to manufacturing communities to strengthen their ongoing ability to attract lasting business investment.
- **Increasing Our Investments in Clean Energy Research:** To ensure that the United States is the leader in the clean energy sector – creating new companies and new jobs – President Obama has proposed increasing funding for clean energy technology across all agencies by 30 percent to \$7.9 billion. In addition, President Obama has proposed setting aside \$2 billion over 10 years, using proceeds from Federal oil and gas development, to support research into a range of cost-effective technologies – like advanced vehicles that run on electricity, homegrown biofuels, fuel cells, and domestically produced natural gas.
- **Supporting Clean Natural Gas as Part of The United States' Competitive Advantage:** The President's budget proposed to invest more than \$40 million in research to ensure safe and responsible natural gas production. And as part of a \$375 million investment in cleaner energy from fossil fuels, the President's budget includes a new \$25 million prize for the first natural gas combined cycle power plant to integrate carbon capture and storage. The President's Budget also includes a tax credit to offset the incremental cost of dedicated alternative fuel trucks, covering both natural gas and electric trucks.